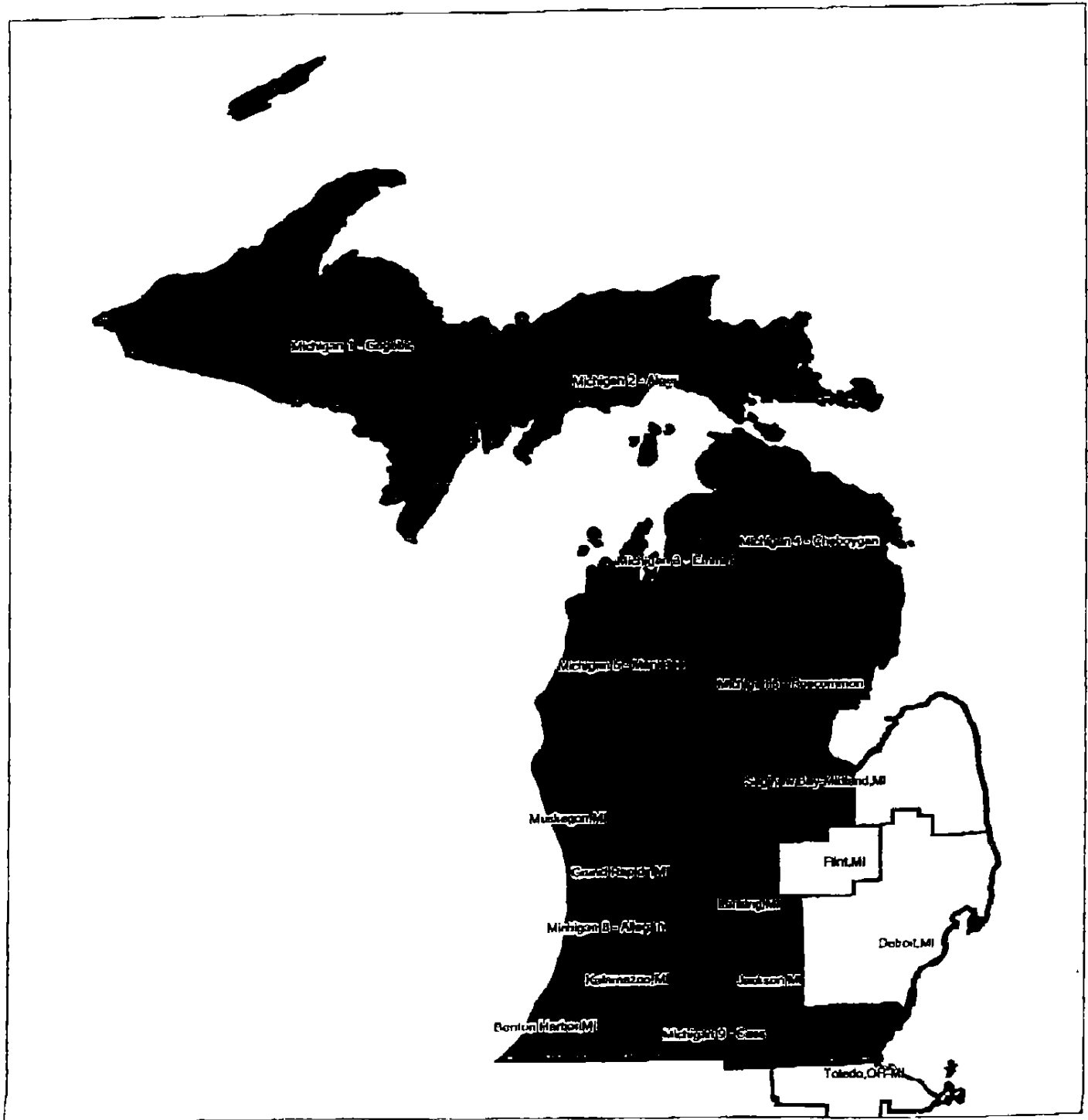


Michigan



 **ALLTEL Wireless Coverage**

Provided by ACI Marketing Research

On July 8, 2003, the ALJ conducted an evidentiary hearing. All testimony was bound into the record by stipulation of the parties and cross-examination of witnesses was waived. ALLTEL, CenturyTel, MECA, and the Staff filed briefs and reply briefs on July 23 and August 1, 2003, respectively.

On July 25, 2003, ALLTEL filed a motion to strike portions of CenturyTel's reply brief. ALLTEL contends that CenturyTel inappropriately raised arguments for the first time in its reply brief, thereby preventing ALLTEL an opportunity to respond.

II.

POSITIONS OF THE PARTIES

There are two issues in this proceeding. First is whether ALLTEL should be designated as an ETC for purposes of receiving universal service support. Second, if ALLTEL is granted ETC status by the Commission, for what service area(s) should ALLTEL's status be granted.

ALLTEL

ALLTEL argues that it meets the requirements for ETC designation under the federal Act. ALLTEL states that it meets all the statutory and regulatory prerequisites for ETC designation and that designating ALLTEL as an ETC will serve the public interest. ALLTEL represents that once it receives its ETC designation, it plans to use the funding to speed the delivery of advanced wireless services to its customers. As an ETC, ALLTEL states that it will offer a basic universal service package to customers who are eligible for Lifeline and will provide service to any customer requesting service within its designated service area. ALLTEL further avers that it provides all the services supported by universal service mechanisms. ALLTEL says that it will

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
ADA	AMERITECH MICHIGAN	64
ALBION	AMERITECH MICHIGAN	177
ALTO	AMERITECH MICHIGAN	64
AMASA	AMERITECH MICHIGAN	472
ATHENS	AMERITECH MICHIGAN	177
AUBURN	AMERITECH MICHIGAN	94
BALDWIN	AMERITECH MICHIGAN	476
BARK RIVER	AMERITECH MICHIGAN	473
BATTLE CRK	AMERITECH MICHIGAN	177
BATTLE CRK	AMERITECH MICHIGAN	177
BAY CITY	AMERITECH MICHIGAN	94
BAY CITY	AMERITECH MICHIGAN	94
BEAVERTON	AMERITECH MICHIGAN	477
BELDING	AMERITECH MICHIGAN	64
BELDING	AMERITECH MICHIGAN	78
BELLEVUE	AMERITECH MICHIGAN	78
BENTON HBR	AMERITECH MICHIGAN	193
BENTON HBR	AMERITECH MICHIGAN	193
BENTON HBR	AMERITECH MICHIGAN	193
BERGLAND	AMERITECH MICHIGAN	472
BERRIEN SPGS	AMERITECH MICHIGAN	193
BESSEMER	AMERITECH MICHIGAN	472
BEULAH	AMERITECH MICHIGAN	476
BIG RAPIDS	AMERITECH MICHIGAN	478
BIRCH RUN	AMERITECH MICHIGAN	94
BOYNE CITY	AMERITECH MICHIGAN	474
BOYNE CITY	AMERITECH MICHIGAN	474
BUCHANAN	AMERITECH MICHIGAN	193
BURT	AMERITECH MICHIGAN	94
BYRON CTR	AMERITECH MICHIGAN	64
CADILLAC	AMERITECH MICHIGAN	476
CALEDONIA	AMERITECH MICHIGAN	64
CALEDONIA	AMERITECH MICHIGAN	64
CALUMET	AMERITECH MICHIGAN	472
CARLETON	AMERITECH MICHIGAN	48
CEDAR SPGS	AMERITECH MICHIGAN	64
CHAMPION	AMERITECH MICHIGAN	472
CHANNING	AMERITECH MICHIGAN	472
CHARLEVOIX	AMERITECH MICHIGAN	474
CHARLOTTE	AMERITECH MICHIGAN	78
CHASSELL	AMERITECH MICHIGAN	472
CHEBOYGAN	AMERITECH MICHIGAN	475
CHEBOYGAN	AMERITECH MICHIGAN	475
CLARE	AMERITECH MICHIGAN	477
CLARKLAKE	AMERITECH MICHIGAN	207
CLARKSVILLE	AMERITECH MICHIGAN	78
COLEMAN	AMERITECH MICHIGAN	94

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
COMSTOCK PK	AMERITECH MICHIGAN	84
CORNELL	AMERITECH MICHIGAN	473
CRYSTAL FLS	AMERITECH MICHIGAN	472
CURTIS	AMERITECH MICHIGAN	473
DANSVILLE	AMERITECH MICHIGAN	78
DIMONDALE	AMERITECH MICHIGAN	78
DORR	AMERITECH MICHIGAN	479
E JORDAN	AMERITECH MICHIGAN	474
E LANSING	AMERITECH MICHIGAN	78
E TAWAS	AMERITECH MICHIGAN	477
EATON RAPIDS	AMERITECH MICHIGAN	78
EAU CLAIRE	AMERITECH MICHIGAN	193
ELK RAPIDS	AMERITECH MICHIGAN	474
ENGADINE	AMERITECH MICHIGAN	473
ESCANABA	AMERITECH MICHIGAN	473
EVART	AMERITECH MICHIGAN	478
FARWELL	AMERITECH MICHIGAN	477
FARWELL	AMERITECH MICHIGAN	477
FIFE LK	AMERITECH MICHIGAN	474
FOUNTAIN	AMERITECH MICHIGAN	478
FRANKENMUTH	AMERITECH MICHIGAN	94
FRANKFORT	AMERITECH MICHIGAN	478
FREELAND	AMERITECH MICHIGAN	94
FREEPORT	AMERITECH MICHIGAN	177
FREMONT	AMERITECH MICHIGAN	478
FULTON	AMERITECH MICHIGAN	132
GALESBURG	AMERITECH MICHIGAN	132
GALIEN	AMERITECH MICHIGAN	193
GLADSTONE	AMERITECH MICHIGAN	473
GLADWIN	AMERITECH MICHIGAN	477
GRAND HAVEN	AMERITECH MICHIGAN	84
GRAND RAPIDS	AMERITECH MICHIGAN	84
GRAND RAPIDS	AMERITECH MICHIGAN	84
GRAND RAPIDS	AMERITECH MICHIGAN	84
GRAND RAPIDS	AMERITECH MICHIGAN	84
GRAND RAPIDS	AMERITECH MICHIGAN	84
GRANT	AMERITECH MICHIGAN	478
GREENVILLE	AMERITECH MICHIGAN	478
GWINN	AMERITECH MICHIGAN	472
HANCOCK	AMERITECH MICHIGAN	472
HARRIETTA	AMERITECH MICHIGAN	478
HARRISON	AMERITECH MICHIGAN	477
HASLETT	AMERITECH MICHIGAN	78
HASTINGS	AMERITECH MICHIGAN	177
HBR SPGS	AMERITECH MICHIGAN	474
HILLSDALE	AMERITECH MICHIGAN	480
HOLLAND	AMERITECH MICHIGAN	479

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
HOLLAND	AMERITECH MICHIGAN	64
HOLLAND	AMERITECH MICHIGAN	64
HOLT	AMERITECH MICHIGAN	78
HOPKINS	AMERITECH MICHIGAN	479
HUDSONVILLE	AMERITECH MICHIGAN	64
HUDSONVILLE	AMERITECH MICHIGAN	64
INDIAN RIV	AMERITECH MICHIGAN	475
IONIA	AMERITECH MICHIGAN	78
IRON MT	AMERITECH MICHIGAN	472
IRON RIV	AMERITECH MICHIGAN	472
IRONS	AMERITECH MICHIGAN	476
IRONWOOD	AMERITECH MICHIGAN	472
ISHPEMING	AMERITECH MICHIGAN	472
JACKSON	AMERITECH MICHIGAN	207
JACKSON	AMERITECH MICHIGAN	207
JACKSON	AMERITECH MICHIGAN	207
JONESVILLE	AMERITECH MICHIGAN	480
KALAMAZOO	AMERITECH MICHIGAN	132
KALAMAZOO	AMERITECH MICHIGAN	132
KALKASKA	AMERITECH MICHIGAN	474
KENT CITY	AMERITECH MICHIGAN	64
KEWEENAW	AMERITECH MICHIGAN	472
LANSING	AMERITECH MICHIGAN	78
LANSING	AMERITECH MICHIGAN	78
LANSING	AMERITECH MICHIGAN	78
LE ROY	AMERITECH MICHIGAN	476
LESLIE	AMERITECH MICHIGAN	78
LINWOOD	AMERITECH MICHIGAN	94
LK LEELANAU	AMERITECH MICHIGAN	476
LK LINDEN	AMERITECH MICHIGAN	472
LK ODESSA	AMERITECH MICHIGAN	78
LOWELL	AMERITECH MICHIGAN	64
LUTHER	AMERITECH MICHIGAN	476
MACKINAC IS	AMERITECH MICHIGAN	473
MACKINAW CITY	AMERITECH MICHIGAN	474
MANCELONA	AMERITECH MICHIGAN	474
MANISTEE	AMERITECH MICHIGAN	476
MANTON	AMERITECH MICHIGAN	476
MARION	AMERITECH MICHIGAN	476
MARNE	AMERITECH MICHIGAN	64
MARQUETTE	AMERITECH MICHIGAN	472
MARQUETTE	AMERITECH MICHIGAN	472
MARSHALL	AMERITECH MICHIGAN	177
MARTIN	AMERITECH MICHIGAN	479
MASON	AMERITECH MICHIGAN	78
MC BAIN	AMERITECH MICHIGAN	476
MENOMINEE	AMERITECH MICHIGAN	472
MI CTR	AMERITECH MICHIGAN	207

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
MICHIGAMME	AMERITECH MICHIGAN	472
MIDDLEVILLE	AMERITECH MICHIGAN	177
MIDLAND	AMERITECH MICHIGAN	94
MIDLAND	AMERITECH MICHIGAN	94
MONROE	AMERITECH MICHIGAN	48
MONROE	AMERITECH MICHIGAN	48
MORLEY	AMERITECH MICHIGAN	478
MULLIKEN	AMERITECH MICHIGAN	78
NEGAUNEE	AMERITECH MICHIGAN	472
NEWAYGO	AMERITECH MICHIGAN	478
NEWBERRY	AMERITECH MICHIGAN	473
NILES	AMERITECH MICHIGAN	193
NORTHPORT	AMERITECH MICHIGAN	476
NORWAY	AMERITECH MICHIGAN	472
OKEMOS	AMERITECH MICHIGAN	78
OLIVET	AMERITECH MICHIGAN	78
ONEKAMA	AMERITECH MICHIGAN	478
OSCODA	AMERITECH MICHIGAN	477
OTSEGO	AMERITECH MICHIGAN	479
PELLSTON	AMERITECH MICHIGAN	474
PETOSKEY	AMERITECH MICHIGAN	474
PLAINWELL	AMERITECH MICHIGAN	479
PLEASANT LK	AMERITECH MICHIGAN	207
PORTAGE	AMERITECH MICHIGAN	132
PORTLAND	AMERITECH MICHIGAN	78
POTTERVILLE	AMERITECH MICHIGAN	78
POWERS	AMERITECH MICHIGAN	472
RAPID RIV	AMERITECH MICHIGAN	473
REED CITY	AMERITECH MICHIGAN	478
REPUBLIC	AMERITECH MICHIGAN	472
RICHLAND	AMERITECH MICHIGAN	132
ROCK	AMERITECH MICHIGAN	473
ROCKFORD	AMERITECH MICHIGAN	64
ROCKFORD	AMERITECH MICHIGAN	64
ROSEBUSH	AMERITECH MICHIGAN	478
SAGINAW	AMERITECH MICHIGAN	94
SAGINAW	AMERITECH MICHIGAN	94
SAGINAW	AMERITECH MICHIGAN	94
SAGINAW	AMERITECH MICHIGAN	94
SAND LAKE	AMERITECH MICHIGAN	478
SARANAC	AMERITECH MICHIGAN	78
SAULT ST MARIE	AMERITECH MICHIGAN	473
SCOTTS	AMERITECH MICHIGAN	132
SCOTTVILLE	AMERITECH MICHIGAN	478
SPARTA	AMERITECH MICHIGAN	64
ST CHARLES	AMERITECH MICHIGAN	94
ST HELEN	AMERITECH MICHIGAN	477
ST IGNACE	AMERITECH MICHIGAN	473

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
ST JOSEPH	AMERITECH MICHIGAN	193
STANDISH	AMERITECH MICHIGAN	477
STEPHENSON	AMERITECH MICHIGAN	472
THREE OAKS	AMERITECH MICHIGAN	193
TRAVERSE CITY	AMERITECH MICHIGAN	474
TRAVERSE CITY	AMERITECH MICHIGAN	474
TRUFANT	AMERITECH MICHIGAN	478
TUSTIN	AMERITECH MICHIGAN	476
UN PIER	AMERITECH MICHIGAN	193
VERMONTVILLE	AMERITECH MICHIGAN	177
VICKSBURG	AMERITECH MICHIGAN	132
W BRN	AMERITECH MICHIGAN	477
WAKEFIELD	AMERITECH MICHIGAN	472
WATERSMEET	AMERITECH MICHIGAN	472
WATERVLIET	AMERITECH MICHIGAN	193
WAYLAND	AMERITECH MICHIGAN	479
WAYLAND	AMERITECH MICHIGAN	479
WHITE CLOUD	AMERITECH MICHIGAN	478
WILLIAMSBURG	AMERITECH MICHIGAN	474
WILLIAMSBURG	AMERITECH MICHIGAN	474
WOLVERINE	AMERITECH MICHIGAN	475
ZEELAND	AMERITECH MICHIGAN	64
ADRIAN	VERIZON NORTH INC.-MI	480
ALDEN	VERIZON NORTH INC.-MI	474
ALLEGAN	VERIZON NORTH INC.-MI	479
ALMA	VERIZON NORTH INC.-MI	478
ALPENA	VERIZON NORTH INC.-MI	475
ASHLEY	VERIZON NORTH INC.-MI	478
ATLANTA	VERIZON NORTH INC.-MI	475
BANGOR	VERIZON NORTH INC.-MI	132
BARRYTON	VERIZON NORTH INC.-MI	478
BATH	VERIZON NORTH INC.-MI	78
BELLAIRE	VERIZON NORTH INC.-MI	474
BELLAIRE	VERIZON NORTH INC.-MI	474
BLISSFIELD	VERIZON NORTH INC.-MI	480
BRECKENRIDGE	VERIZON NORTH INC.-MI	478
BRITTON	VERIZON NORTH INC.-MI	480
BRONSON	VERIZON NORTH INC.-MI	480
BURR OAK	VERIZON NORTH INC.-MI	480
CARSON CITY	VERIZON NORTH INC.-MI	478
CASSOPOLIS	VERIZON NORTH INC.-MI	480
CENTRAL LAKE	VERIZON NORTH INC.-MI	474
CENTREVILLE	VERIZON NORTH INC.-MI	480
CLINTON	VERIZON NORTH INC.-MI	480
COLDWATER	VERIZON NORTH INC.-MI	480
COLDWATER	VERIZON NORTH INC.-MI	480
COLON	VERIZON NORTH INC.-MI	480
CONKLIN	VERIZON NORTH INC.-MI	64

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
CONSTANTINE	VERIZON NORTH INC.-MI	480
COOPERSVILLE	VERIZON NORTH INC.-MI	64
COVERT	VERIZON NORTH INC.-MI	132
DECATUR	VERIZON NORTH INC.-MI	132
DEWITT	VERIZON NORTH INC.-MI	78
DOWAGIAC	VERIZON NORTH INC.-MI	480
DOWAGIAC	VERIZON NORTH INC.-MI	480
DUNDEE	VERIZON NORTH INC.-MI	48
EASTPORT	VERIZON NORTH INC.-MI	474
EDMORE	VERIZON NORTH INC.-MI	478
EDWARDSBURG	VERIZON NORTH INC.-MI	480
EDWARDSBURG	VERIZON NORTH INC.-MI	480
ELLSWORTH	VERIZON NORTH INC.-MI	474
ELSIE	VERIZON NORTH INC.-MI	78
ERIE	VERIZON NORTH INC.-MI	48
FAIRVIEW	VERIZON NORTH INC.-MI	475
FENNVILLE	VERIZON NORTH INC.-MI	479
FENNVILLE	VERIZON NORTH INC.-MI	479
FENWICK	VERIZON NORTH INC.-MI	478
FOWLER	VERIZON NORTH INC.-MI	78
FRUITPORT	VERIZON NORTH INC.-MI	181
GAYLORD	VERIZON NORTH INC.-MI	475
GOBLES	VERIZON NORTH INC.-MI	132
GRAND JCT	VERIZON NORTH INC.-MI	132
GRAND LEDGE	VERIZON NORTH INC.-MI	78
GRAND LEDGE	VERIZON NORTH INC.-MI	78
GRASS LK	VERIZON NORTH INC.-MI	207
GRAYLING	VERIZON NORTH INC.-MI	475
HAMILTON	VERIZON NORTH INC.-MI	479
HARRISVILLE	VERIZON NORTH INC.-MI	475
HART	VERIZON NORTH INC.-MI	181
HARTFORD	VERIZON NORTH INC.-MI	132
HEMLOCK	VERIZON NORTH INC.-MI	94
HESPERIA	VERIZON NORTH INC.-MI	181
HILLMAN	VERIZON NORTH INC.-MI	475
HOLTON	VERIZON NORTH INC.-MI	181
HOUGHTON LK	VERIZON NORTH INC.-MI	477
HOWARD CITY	VERIZON NORTH INC.-MI	478
HUBBARD LAKE	VERIZON NORTH INC.-MI	475
HUBBARDSTON	VERIZON NORTH INC.-MI	78
HUDSON	VERIZON NORTH INC.-MI	480
IDA	VERIZON NORTH INC.-MI	48
ITHACA	VERIZON NORTH INC.-MI	478
LACHINE	VERIZON NORTH INC.-MI	475
LAKEVIEW	VERIZON NORTH INC.-MI	478
LAWTON	VERIZON NORTH INC.-MI	132
LEWISTON	VERIZON NORTH INC.-MI	475
LINCOLN	VERIZON NORTH INC.-MI	475

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
LONG LAKE (ALPENA)	VERIZON NORTH INC.-MI	475
LOST PENINSULA	VERIZON NORTH INC.-MI	48
LUDINGTON	VERIZON NORTH INC.-MI	476
MAPLE RAPIDS	VERIZON NORTH INC.-MI	78
MARCELLUS	VERIZON NORTH INC.-MI	480
MATTAWAN	VERIZON NORTH INC.-MI	132
MAYBEE	VERIZON NORTH INC.-MI	48
MCBRIDES	VERIZON NORTH INC.-MI	478
MENDON	VERIZON NORTH INC.-MI	480
MERRILL	VERIZON NORTH INC.-MI	94
MIDDLETON	VERIZON NORTH INC.-MI	478
MIO	VERIZON NORTH INC.-MI	475
MT PLEASANT	VERIZON NORTH INC.-MI	478
MUIR	VERIZON NORTH INC.-MI	78
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
MUSKEGON	VERIZON NORTH INC.-MI	181
ONAWAY	VERIZON NORTH INC.-MI	475
OSSINEKE	VERIZON NORTH INC.-MI	475
OVID	VERIZON NORTH INC.-MI	78
PALO	VERIZON NORTH INC.-MI	478
PAW PAW	VERIZON NORTH INC.-MI	132
PENTWATER	VERIZON NORTH INC.-MI	181
POMPEII	VERIZON NORTH INC.-MI	478
POSEN	VERIZON NORTH INC.-MI	475
PRUDENVILLE	VERIZON NORTH INC.-MI	477
QUINCY	VERIZON NORTH INC.-MI	480
RAPID CITY	VERIZON NORTH INC.-MI	474
RAVENNA	VERIZON NORTH INC.-MI	181
READING	VERIZON NORTH INC.-MI	480
REMUS	VERIZON NORTH INC.-MI	478
RIVERDALE	VERIZON NORTH INC.-MI	478
ROGERS CITY	VERIZON NORTH INC.-MI	475
ROSCOMMON	VERIZON NORTH INC.-MI	477
ROSCOMMON	VERIZON NORTH INC.-MI	477
S HAVEN	VERIZON NORTH INC.-MI	132
SAUGATUCK	VERIZON NORTH INC.-MI	479
SCHOOLCRAFT	VERIZON NORTH INC.-MI	132
SHELBY	VERIZON NORTH INC.-MI	181
SHEPHERD	VERIZON NORTH INC.-MI	478
SHERIDAN	VERIZON NORTH INC.-MI	478
SIDNEY	VERIZON NORTH INC.-MI	478

ALLTEL COMMUNICATIONS, INC.
NON-RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
SIX LAKES	VERIZON NORTH INC.-MI	478
ST JOHNS	VERIZON NORTH INC.-MI	78
ST LOUIS	VERIZON NORTH INC.-MI	478
STANTON	VERIZON NORTH INC.-MI	478
STANWOOD	VERIZON NORTH INC.-MI	478
STURGIS	VERIZON NORTH INC.-MI	480
TECUMSEH	VERIZON NORTH INC.-MI	480
TEMPERANCE	VERIZON NORTH INC.-MI	48
THREE RIVERS	VERIZON NORTH INC.-MI	480
THREE RIVERS	VERIZON NORTH INC.-MI	480
TIPTON	VERIZON NORTH INC.-MI	480
TWIN LK	VERIZON NORTH INC.-MI	181
UN CITY	VERIZON NORTH INC.-MI	480
UNION	VERIZON NORTH INC.-MI	480
VANDALIA	VERIZON NORTH INC.-MI	480
VANDERBILT	VERIZON NORTH INC.-MI	475
VESTABURG	VERIZON NORTH INC.-MI	478
WEIDMAN	VERIZON NORTH INC.-MI	478
WHITE PIGEON	VERIZON NORTH INC.-MI	480
WHITEHALL	VERIZON NORTH INC.-MI	181
WILLIAMSTON	VERIZON NORTH INC.-MI	78
WOODLAND	VERIZON NORTH INC.-MI	177
ADDISON	VERIZON NORTH INC.-MI (ALLTEL)	480
ALGER	VERIZON NORTH INC.-MI (ALLTEL)	477
BRIDGMAN	VERIZON NORTH INC.-MI (ALLTEL)	183
BURLINGTON	VERIZON NORTH INC.-MI (ALLTEL)	177
FENNVILLE	VERIZON NORTH INC.-MI (ALLTEL)	479
GRAND JCT	VERIZON NORTH INC.-MI (ALLTEL)	132
HOMER	VERIZON NORTH INC.-MI (ALLTEL)	177
LAMBERTVILLE	VERIZON NORTH INC.-MI (ALLTEL)	48
LAWRENCE	VERIZON NORTH INC.-MI (ALLTEL)	132
LUPTON	VERIZON NORTH INC.-MI (ALLTEL)	477
MORENCI	VERIZON NORTH INC.-MI (ALLTEL)	480
MUNITH	VERIZON NORTH INC.-MI (ALLTEL)	207
ONONDAGA	VERIZON NORTH INC.-MI (ALLTEL)	78
PARMA	VERIZON NORTH INC.-MI (ALLTEL)	207
PRESCOTT	VERIZON NORTH INC.-MI (ALLTEL)	477
PULLMAN	VERIZON NORTH INC.-MI (ALLTEL)	479
RIVES JCT	VERIZON NORTH INC.-MI (ALLTEL)	207
ROSE CITY	VERIZON NORTH INC.-MI (ALLTEL)	477
STERLING	VERIZON NORTH INC.-MI (ALLTEL)	477
STOCKBRIDGE	VERIZON NORTH INC.-MI (ALLTEL)	78
STOCKBRIDGE	VERIZON NORTH INC.-MI (ALLTEL)	78
TEKONSHA	VERIZON NORTH INC.-MI (ALLTEL)	177
WEBBERVILLE	VERIZON NORTH INC.-MI (ALLTEL)	78

ALLTEL COMMUNICATIONS, INC.
RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
BUCKLEY	ACE TELEPHONE CO. OF MICHIGAN I	476
COPEMISH	ACE TELEPHONE CO. OF MICHIGAN I	478
HOXEYVILLE	ACE TELEPHONE CO. OF MICHIGAN I	478
MESICK	ACE TELEPHONE CO. OF MICHIGAN I	476
S BOARDMAN	ACE TELEPHONE CO. OF MICHIGAN I	474
ALLENDALE	ALLENDALE TELEPHONE CO.	64
ALSTON	BARAGA TELEPHONE CO.	472
BARAGA	BARAGA TELEPHONE CO.	472
L ANSE	BARAGA TELEPHONE CO.	472
TAPIOLA	BARAGA TELEPHONE CO.	472
BELLEVUE	BARRY COUNTY TELEPHONE CO.	177
DELTON	BARRY COUNTY TELEPHONE CO.	177
DELTON	BARRY COUNTY TELEPHONE CO.	177
PLAINWELL	BARRY COUNTY TELEPHONE CO.	177
BLANCHARD	BLANCHARD TELEPHONE ASSOCIATION	478
BLOOMINGDALE	BLOOMINGDALE TELEPHONE CO.	132
CARR	CARR TELEPHONE CO.	476
AU GRES	CENTURY TELEPHONE - MIDWEST INC	477
BRANT	CENTURY TELEPHONE - MIDWEST INC	94
CHESANING	CENTURY TELEPHONE - MIDWEST INC	94
JONESVILLE	CENTURY TELEPHONE - MIDWEST INC	480
LITCHFIELD	CENTURY TELEPHONE - MIDWEST INC	480
MECOSTA	CENTURY TELEPHONE - MIDWEST INC	478
OMER	CENTURY TELEPHONE - MIDWEST INC	477
ORLEANS	CENTURY TELEPHONE - MIDWEST INC	78
RODNEY	CENTURY TELEPHONE - MIDWEST INC	478
SUNFIELD	CENTURY TELEPHONE - MIDWEST INC	78
ZEELAND	CENTURY TELEPHONE - MIDWEST INC	64
FALMOUTH	CENTURY TELEPHONE CO. OF NORTHER	476
KINGSLEY	CENTURY TELEPHONE CO. OF NORTHER	474
ALANSON	CENTURY TELEPHONE OF MICHIGAN I	474
BEAR LK	CENTURY TELEPHONE OF MICHIGAN I	476
BOYNE FLS	CENTURY TELEPHONE OF MICHIGAN I	474
BRUTUS	CENTURY TELEPHONE OF MICHIGAN I	474
CEDAR	CENTURY TELEPHONE OF MICHIGAN I	476
CRYSTAL	CENTURY TELEPHONE OF MICHIGAN I	478
ELMIRA	CENTURY TELEPHONE OF MICHIGAN I	475
EMPIRE	CENTURY TELEPHONE OF MICHIGAN I	478
GLEN ARBOR	CENTURY TELEPHONE OF MICHIGAN I	476
GLENNIE	CENTURY TELEPHONE OF MICHIGAN I	475
HALE	CENTURY TELEPHONE OF MICHIGAN I	477
HONOR	CENTURY TELEPHONE OF MICHIGAN I	476
HOPE	CENTURY TELEPHONE OF MICHIGAN I	94
LAKE ANN	CENTURY TELEPHONE OF MICHIGAN I	476
LEVERING	CENTURY TELEPHONE OF MICHIGAN I	474
LK CITY	CENTURY TELEPHONE OF MICHIGAN I	476
LK CITY	CENTURY TELEPHONE OF MICHIGAN I	476

ALLTEL COMMUNICATIONS, INC.
RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEG	CMA #
LONG LK	CENTURY TELEPHONE OF MICHIGAN I	477
MERRITT	CENTURY TELEPHONE OF MICHIGAN I	478
NAT CITY	CENTURY TELEPHONE OF MICHIGAN I	477
NEWPORT	CENTURY TELEPHONE OF MICHIGAN I	48
PINCONNING	CENTURY TELEPHONE OF MICHIGAN I	94
SHERIDAN	CENTURY TELEPHONE OF MICHIGAN I	478
SUTTONS BAY	CENTURY TELEPHONE OF MICHIGAN I	478
WHITTEMORE	CENTURY TELEPHONE OF MICHIGAN I	477
CEDARVILLE	CENTURYTEL OF UPPER MICHIGAN IN	473
DE TOUR	CENTURYTEL OF UPPER MICHIGAN IN	473
GARDEN	CENTURYTEL OF UPPER MICHIGAN IN	473
GULLIVER	CENTURYTEL OF UPPER MICHIGAN IN	473
KINROSS	CENTURYTEL OF UPPER MICHIGAN IN	473
MANISTIQUE	CENTURYTEL OF UPPER MICHIGAN IN	473
PICKFORD	CENTURYTEL OF UPPER MICHIGAN IN	473
RUDYARD	CENTURYTEL OF UPPER MICHIGAN IN	473
AU TRAIN	CHATHAM TELEPHONE CO.	473
CHATHAM	CHATHAM TELEPHONE CO.	473
SAND RIVER	CHATHAM TELEPHONE CO.	472
SKANDIA	CHATHAM TELEPHONE CO.	472
TRENARY	CHATHAM TELEPHONE CO.	473
BRIMLEY	CHIPPEWA COUNTY TELEPHONE CO.	473
CLIMAX	CLIMAX TELEPHONE CO.	132
AUGUSTA	COMMUNICATIONS CORP. OF MICHIGAN	132
CLAYTON	COMMUNICATIONS CORP. OF MICHIGAN	480
HICKORY CORS	COMMUNICATIONS CORP. OF MICHIGAN	177
DEERFIELD	DEERFIELD FARMERS TELEPHONE CO.	480
PETERSBURG	DEERFIELD FARMERS TELEPHONE CO.	48
ZEELAND	DRENTH TELEPHONE CO.	64
ELSIE	FARMERS MUTUAL OF CHAPIN DBA CHA	94
ALLEN	FRONTIER COMMUNICATIONS OF MICH	480
BROOKLYN	FRONTIER COMMUNICATIONS OF MICH	207
CAMDEN	FRONTIER COMMUNICATIONS OF MICH	480
CAMDEN	FRONTIER COMMUNICATIONS OF MICH	480
CONCORD	FRONTIER COMMUNICATIONS OF MICH	207
HANOVER	FRONTIER COMMUNICATIONS OF MICH	207
HILLSDALE	FRONTIER COMMUNICATIONS OF MICH	480
JEROME	FRONTIER COMMUNICATIONS OF MICH	480
MONTGOMERY	FRONTIER COMMUNICATIONS OF MICH	480
N ADAMS	FRONTIER COMMUNICATIONS OF MICH	480
ONSTED	FRONTIER COMMUNICATIONS OF MICH	480
OSSEO	FRONTIER COMMUNICATIONS OF MICH	480
OSSEO	FRONTIER COMMUNICATIONS OF MICH	480
PITTSFORD	FRONTIER COMMUNICATIONS OF MICH	480
DEER PARK	HIAWATHA TELEPHONE CO.	473
ECKERMAN	HIAWATHA TELEPHONE CO.	473
ECKERMAN	HIAWATHA TELEPHONE CO.	473
GRAND MARAIS	HIAWATHA TELEPHONE CO.	473

ALLTEL COMMUNICATIONS, INC.
RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
HIAWATHA FOREST	HIAWATHA TELEPHONE CO.	473
MUNISING	HIAWATHA TELEPHONE CO.	473
PARADISE	HIAWATHA TELEPHONE CO.	473
SENEY	HIAWATHA TELEPHONE CO.	473
SHINGLETON	HIAWATHA TELEPHONE CO.	473
POINT AUX PINS	ISLAND TELEPHONE CO.	473
ST JAMES	ISLAND TELEPHONE CO.	474
BRETHREN	KALEVA TELEPHONE CO.	476
KALEVA	KALEVA TELEPHONE CO.	476
WELLSTON	KALEVA TELEPHONE CO.	476
WELLSTON	KALEVA TELEPHONE CO.	476
GOLDEN LAKE	MIDWAY TELEPHONE CO. - MI	472
TROUT CREEK	MIDWAY TELEPHONE CO. - MI	472
WATTON	MIDWAY TELEPHONE CO. - MI	472
BLISSFIELD	OGDEN TELEPHONE CO. MI	480
BRUCE XING	ONTONAGON COUNTY TELEPHONE CO.	472
EWEN	ONTONAGON COUNTY TELEPHONE CO.	472
MASS CITY	ONTONAGON COUNTY TELEPHONE CO.	472
ONTONAGEN	ONTONAGON COUNTY TELEPHONE CO.	472
ONTONAGON	ONTONAGON COUNTY TELEPHONE CO.	472
ONTONAGON	ONTONAGON COUNTY TELEPHONE CO.	472
TRAVERSE CITY	PENINSULA TELEPHONE CO.	474
ELMIRA	PIGEON TELEPHONE CO.	474
MANCELONA	PIGEON TELEPHONE CO.	476
TWINING	PIGEON TELEPHONE CO.	477
SAND CREEK	SAND CREEK TELEPHONE CO.	480
BELL OAK	SHIAWASSEE TELEPHONE CO.	78
SPRINGPORT	SPRINGPORT TELEPHONE CO.	207
AMBLE	UPPER PENINSULA TELEPHONE CO.	478
CARNEY	UPPER PENINSULA TELEPHONE CO.	472
CHESTER TOWNSHIP	UPPER PENINSULA TELEPHONE CO.	476
DONKEN	UPPER PENINSULA TELEPHONE CO.	472
DRUMMOND ISLAND	UPPER PENINSULA TELEPHONE CO.	473
FAITHORN	UPPER PENINSULA TELEPHONE CO.	472
FENCE RIVER	UPPER PENINSULA TELEPHONE CO.	472
FIFI LAKE	UPPER PENINSULA TELEPHONE CO.	474
FOSTER CITY	UPPER PENINSULA TELEPHONE CO.	472
LAKE GOGEBIC	UPPER PENINSULA TELEPHONE CO.	472
MARENISCO	UPPER PENINSULA TELEPHONE CO.	472
MICHIGAMME FOREST	UPPER PENINSULA TELEPHONE CO.	472
MILLERSBURG	UPPER PENINSULA TELEPHONE CO.	475
NORTH LAND-O-LAKES	UPPER PENINSULA TELEPHONE CO.	472
REXTON	UPPER PENINSULA TELEPHONE CO.	473
SCOTT POINT	UPPER PENINSULA TELEPHONE CO.	473
SMOKEY LAKE	UPPER PENINSULA TELEPHONE CO.	472
WALLACE	UPPER PENINSULA TELEPHONE CO.	472
WATSON	UPPER PENINSULA TELEPHONE CO.	472
WALDRON	WALDRON TELEPHONE CO.	480

ALLTEL COMMUNICATIONS, INC.
RURAL WIRE CENTERS SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC	CMA #
WESTPHALIA	WESTPHALIA TELEPHONE CO.	78
WINN	WINN TELEPHONE CO.	478
MUNGER	WOLVERINE TELEPHONE CO.	94
SANFORD	WOLVERINE TELEPHONE CO.	94

ALLTEL COMMUNICATIONS, INC.
RURAL WIRE CENTERS NOT SERVED IN THE STATE OF MICHIGAN

WIRE CENTER	INCUMBENT LEC
GOODRICH	CENTURY TELEPHONE - MIDWEST INC
METAMORA	CENTURY TELEPHONE - MIDWEST INC
MONTROSE	CENTURY TELEPHONE - MIDWEST INC
NEW LOTHROP	CENTURY TELEPHONE - MIDWEST INC
CARO	CENTURY TELEPHONE OF MICHIGAN I
KINDE	CENTURY TELEPHONE OF MICHIGAN I
MARLETTE	CENTURY TELEPHONE OF MICHIGAN I
PRT AUSTIN	CENTURY TELEPHONE OF MICHIGAN I
PRT HOPE	CENTURY TELEPHONE OF MICHIGAN I
PIGEON	PIGEON TELEPHONE CO.
PERRY	SHIAWASSEE TELEPHONE CO.
SHAFTSBURG	SHIAWASSEE TELEPHONE CO.
FOSTORIA	WOLVERINE TELEPHONE CO.
MILLINGTON	WOLVERINE TELEPHONE CO.

EXHIBIT B

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

NOTICE OF HEARING
REGARDING
ALLTEL COMMUNICATIONS, INC.
CASE NO. U-13765

- Alltel Communications, Inc. may be designated an eligible telecommunications carrier, pursuant to 47 USC 214(e)(6), for purposes of receiving federal universal service support in Michigan, if the Michigan Public Service Commission deems that the request is in the public interest
- The information below describes how a person may participate in this case
- You may call 501.905.5342 or write Alltel Communications, Inc., P.O. Box 2177, Little Rock, Arkansas 72203 for a free copy of its application. Any person may review the application at the offices of Alltel Communications, Inc.
- The first public hearing in this matter will be held

DATE: May 28, 2003
This hearing will be a pre-hearing conference to set future hearing dates and decide other procedural matters

TIME: 9:00 a.m.

PRESIDING OFFICER: Administrative Law Judge Mark E. Cummins

LOCATION: Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Michigan

PARTICIPATION: Any interested person may attend and participate. Persons with disabilities, needing help to effectively participate, should call the Commission's Executive Secretary at 517.241.6160 a week in advance to request mobility, visual, hearing or other assistance.

The Michigan Public Service Commission (Commission) will hold a public hearing to consider the April 14, 2003 petition of Alltel Communications, Inc (Alltel), for designation as an eligible telecommunications carrier (ETC), pursuant to 47 USC 214(e)(6), for purposes of receiving federal universal service support in Michigan

Any person wishing to intervene and come a party to the case shall file an original and 15 copies of a petition to intervene with this Commission by May 21, 2003. The proof of service shall indicate service upon Alltel's attorney, Mark J. Burzych, Foster, Swift, Collins & Smith, P.C., 313 S. Washington Square, Lansing, MI 48933-2193.

Any person wishing to make a statement of position without becoming a party to the case may participate by filing an appearance. To file the appearance, the individual must attend the hearing and advise the presiding administrative law judge of their wish to make a statement of position.

A copy of Alltel's request may be reviewed at the office of the Commission's Executive Secretary, 6545 Mercantile Way, Lansing, MI, or at the office of Alltel, One Allied Drive, Little Rock, AR 72202. For more information on how to participate in a case, you may contact the Commission at the above address or by telephone at 517 241 6160.

The Commission has jurisdiction pursuant to 1991 PA 179, as amended, MCL 484.2101 et seq., the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 USC 151 et seq., 1969 PA 306, as amended, MCL 24.201 et seq., and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R460.17101 et seq.

May 2, 2003
Lansing, Michigan

EXHIBIT C

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
ALLTEL COMMUNICATIONS, INC.,)	
for designation as an eligible telecommunications)	Case No U-13765
carrier pursuant to Section 214(e)(2) of the)	
Communications Act of 1934)	
_____)	

At the September 11, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan

PRESENT Hon J Peter Lark, Chair
Hon Robert B Nelson, Commissioner
Hon Laura Chappelle, Commissioner

OPINION AND ORDER

I.

HISTORY OF PROCEEDINGS

On April 14, 2003, ALLTEL Communications, Inc , (ALLTEL) filed an application seeking designation as an eligible telecommunications carrier (ETC) under Sections 214(e)(2) and 214(e)(6) of the federal Communications Act of 1934, as amended, 47 USC 214(e)(2) and 214(e)(6) (federal Act) and Sections 201 and 203 of the Michigan Telecommunications Act, MCL 484 2101 et seq (MTA) If granted, designation as an ETC would permit ALLTEL to receive universal service support in Michigan

Several parties petitioned to participate in the proceeding On May 6, 2003, the Commission Staff (Staff) filed a notice of appearance On May 21, 2003, CenturyTel of Michigan, Inc.,

CenturyTel Midwest-Michigan, Inc., CenturyTel of Northern Michigan, Inc., and CenturyTel of Upper Michigan, Inc., (CenturyTel) jointly filed a petition to intervene. Also on May 21, 2003, Hiawatha Telephone Company, Chippewa County Telephone Company, Midway Telephone Company, and Ontonagon County Telephone Company (Hiawatha) jointly petitioned to intervene. The Michigan Exchange Carriers Association, Inc., (MECA), a voluntary association of 33 small incumbent local exchange carriers (ILECs) in Michigan, also filed a petition. On May 28, 2003, AT&T Communications of Michigan, Inc., and TCG Detroit (AT&T) filed a notice of intent to participate.

On May 28, 2003, a pre-hearing conference was conducted by Administrative Law Judge Mark E. Cummins (ALJ). ALLTEL, CenturyTel, MECA, AT&T, and the Staff attended. The ALJ granted the petitions to intervene and ordered the parties to file their direct testimony by June 10, 2003 and rebuttal testimony by June 23, 2003. Cross-examination of witnesses was to take place on July 7, 2003,¹ with a briefing schedule to be determined thereafter. In order to meet the 180-day Federal Communications Commission (FCC) guideline for state commissions to act on ETC applications, the Commission agreed to read the record in this proceeding.

Several parties filed testimony. ALLTEL filed the direct and rebuttal testimony of Lawrence J. Krajci, its Staff Manager of State Government Affairs. CenturyTel filed the direct and rebuttal testimony of Ted M. Hankins, its Director of State Government Relations. MECA filed the direct and rebuttal testimony of Robert W. Orent, President and CEO of Hiawatha Communications, Inc. The Staff filed the direct testimony of Daniel J. Kearney, Supervisor of the Operations Section of the Commission's Telecommunications Division.

¹ This date was later moved to July 8, 2003.

advertise the availability of the supported services and charges in a way that fully informs the general public throughout its designated service area

ALLTEL argues that its application is in the public interest. ALLTEL asserts that granting it ETC status will help bring meaningful choice to Michigan customers who have few, if any, choices for local exchange service. ALLTEL further asserts that its ETC status will bring the benefits of competition to customers, increase choices, and lower rates. ALLTEL further notes that the FCC has determined that wireless providers may be designated as ETCs.² ALLTEL claims that its customers will benefit from having an expanded local calling area, making intrastate toll calls more affordable.

ALLTEL also requests that the Commission establish its service area for purposes of determining universal service support. ALLTEL specifically requests that it be granted ETC status for its entire licensed service area in Michigan. Attached to its application are exhibits that identify each of the requested areas by wire center. Where ALLTEL serves only a portion of a wire center, it requests ETC designation in that portion of the wire center where it provides service. For certain rural areas, ALLTEL requests that the Commission redefine the service area of several ILECs because ALLTEL only serves a portion of the ILECs' service areas.

CenturyTel

CenturyTel argues that ALLTEL's application must be denied. CenturyTel believes that ALLTEL's application does not meet the requirements for the granting of ETC status under

² See, ALLTEL application, p. 9, citing, *Federal-State Joint Board on Universal Service*, Report and Order, CC Docket No. 96-45, 12 FCCR 8776, 8858-59, ¶¶ 145-47 (1997).

Section 214(e), because granting ETC status to ALLTEL would not be in the public interest³

CenturyTel asserts that ALLTEL has been successful at providing service without the need for universal service support. It argues that giving ALLTEL universal service funds would give ALLTEL an unearned windfall, would work to increase charges for Michigan customers, and will ultimately jeopardize the universal service support mechanism altogether.

CenturyTel claims that ALLTEL should not be granted ETC status because, as a wireless carrier, ALLTEL's costs are unrelated to landline costs from which universal service support is derived. CenturyTel also asserts that it is held to higher service standards and regulatory obligations than wireless carriers, which result in higher operating costs for CenturyTel.

CenturyTel specifically objects to the fact that ALLTEL has lower costs than CenturyTel, but would receive the same universal service support. CenturyTel argues that granting ALLTEL ETC status would create an uneven playing field, biased against higher cost providers, and could actually reduce competition.

CenturyTel also expressed concern over the fact that wireless carriers are not subject to the same regulatory oversight as incumbent carriers. CenturyTel contends that while wireless carriers are seeking support from a regulatory cost recovery mechanism, the Commission has no regulatory oversight over these carriers to ensure that the monies are used to advance universal service. CenturyTel contends that this uneven playing field, and the fact that the benefits of granting wireless carriers ETC status do not exceed the costs, means that granting ALLTEL's application would not be in the public interest.

³ In its reply brief, CenturyTel also asserts that ALLTEL's application is insufficient because ALLTEL does not provide "local usage" as required by federal law. CenturyTel's argument suggests that all wireless carriers in Michigan cannot meet the federal requirement because of the exclusion of mobile service from basic local exchange service. This Commission, however, has previously granted ETC status to several wireless carriers.

CenturyTel also believes that it would be premature for the Commission to grant any ETC applications while the FCC is in the process of considering new rules for the granting of ETC status to competitive carriers.⁴ CenturyTel suggests waiting until the FCC makes its pronouncements regarding any changes.

Furthermore, if the Commission decides to grant ALLTEL's application, then CenturyTel requests that ALLTEL's ETC status be conditioned on ALLTEL's compliance with regulatory safeguards to ensure a level competitive playing field with rural providers. CenturyTel also argues that allowing ALLTEL to have ETC status in only a portion of a rural ILEC's service area is contrary to the public interest, and that the Commission should not redefine CenturyTel's rural ILEC service area.

Hiawatha

Hiawatha believes that ALLTEL's application does not satisfy the requirements of granting ETC status and therefore should be denied. Hiawatha asserts that it provides rural telecommunications services and would be economically harmed if ALLTEL's application were granted. Hiawatha believes that universal service support is a scarce resource that is jeopardized by granting ETC status to providers like ALLTEL whose lower costs do not justify receiving the same level of support as rural carriers. Hiawatha also believes that granting ALLTEL ETC status would create an uneven competitive playing field for rural carriers. Hiawatha claims that wireless carriers given ETC status should be subject to the same service quality and reporting requirements as ILECs. Hiawatha also believes that ALLTEL should be required to serve the same areas as the ILECs and that the Commission should not redefine Hiawatha's service areas. Hiawatha also

⁴ See, Public Notice, *Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission's Rules Relating to High-Cost Universal Service Support and the ETC Designation Process*, FCC 03J-1 CC Docket No. 96-45 (February 7, 2003).

contends that in order for ALLTEL's application to satisfy the public interest requirement, ALLTEL should have to demonstrate that the benefits of supporting multiple networks outweigh the cost of supporting multiple networks

MECA

MECA also opposes ALLTEL's application for designation as an ETC. MECA asserts that it and its members, many of whom provide service to rural areas of the state, will suffer from a loss of universal service support. MECA asserts that a loss of universal service funds will affect small rural telecommunications providers' ability to maintain and invest in the infrastructure needed to serve high-cost areas.

MECA argues that ALLTEL's application cannot be granted unless granting the application is in the public interest. MECA asserts that merely providing all universal service supported services does not mean that an applicant's application is in the public interest. MECA alleges that the further public interest finding should be based upon universal service purposes and principles. MECA asserts that Congress, in placing this added requirement, did not believe that the public interest would always be served by encouraging competition in rural areas.

MECA claims that Congress did not intend universal service support to be a subsidy program. Rather, MECA argues, Congress intended universal service support to provide for cost recovery in order to promote infrastructure investment in high-cost rural areas where providing the same quality service at affordable rates comparable to urban areas is not suitable for carriers. MECA argues that without this support, high-cost investment would not have occurred in the past and will not occur in the future. MECA sees infrastructure investment as the primary goal of the universal service program.

MECA argues that the only providers of high quality, facilities-based services throughout their respective service areas are the rural ILECs. MECA claims that once a rural ILEC loses the ability or incentive to continue investing in its network, then rural areas may be deprived of affordable, high quality telecommunications services. MECA asserts that lack of sufficient funding will also affect the deployment of advanced services to consumers, such as schools, libraries, and health care facilities.

Consequently, the granting of ETC status to competitive carriers in areas served by rural carriers, MECA contends, must be properly managed to foster the goals of the federal Act. MECA claims that if the overall demand for funding grows to an unsustainable level, then support payments will be frozen or curtailed, resulting in serious operating issues for many rural telephone companies. MECA claims that this would result in reductions in service quality, higher rates, and perhaps even financial failure of rural companies that serve as the “lifeline” for many remote customers. MECA argues that the proliferation of “uneconomic competition” in rural areas could jeopardize rural telecommunications services altogether.

MECA also asserts that state commissions have placed far too great an emphasis on the benefits of competition when deciding ETC applications for rural service areas. MECA claims that subsidized competition does not serve the public interest. MECA believes that this over-emphasis has been to the detriment of ensuring that all consumers will retain and gain access to high quality, affordable telecommunications services, including advanced services, on a comparable basis to those available in urban areas. Because of this, MECA believes that the Commission must establish a set of principles to guide its decisions on ETC applications affecting rural areas.

To assist the Commission in establishing this set of principles, MECA offers its own. First, rural consumers should receive access to affordable, high quality telecommunications and information services, including advanced services that are reasonably comparable to those in urban areas and at reasonably comparable prices. Second, high-cost support should not be used as an incentive for uneconomic competition in areas served by rural carriers. Third, universal service funds are a scarce national resource that telephone companies must carefully manage to serve the public interest. Fourth, rural universal service support reflects the difference between the cost of serving high-cost rural areas and the rate levels mandated by policymakers. Fifth, the public interest is served only when the benefits from supporting multiple carriers exceed the costs of supporting multiple networks. Sixth, in areas where costs of supporting multiple networks exceed the public benefits from supporting multiple carriers, the public interest dictates providing support to a single carrier that provides critical telecommunications infrastructure. Seventh, the cost of market failure in high-cost rural Michigan could be severe.

In addition to the guiding set of public interest principles, MECA believes the Commission should create a standard set of minimum qualifications, requirements, and policies to be applied when considering ETC applications for rural service areas. MECA believes that using such a template would help the Commission determine whether the public interest would be served by granting an application. MECA also asserts that such a guideline would improve the long-term viability of the universal service fund because it believes only the most qualified carriers that are capable of, and committed to, being “true providers” of universal service should receive the ETC designation.

To assist the Commission, MECA offers the following qualifications and requirements that it believes the Commission should adopt when considering ETC applications. 1) A carrier must

demonstrate its ability and willingness to provide all supported services throughout the service area. 2) To fulfill the advertising requirement, an ETC must emphasize its universal service obligation to offer service to all consumers in the service area. 3) A carrier must have formal arrangements in place to provide service where facilities have yet to be built. 4) A carrier must have a plan for building out its network once it receives ETC status and must make demonstrative progress toward achieving its plan to retain its status. 5) A carrier must demonstrate that it is financially stable.

In addition to public interest principles, and minimum qualifications and requirements, MECA urges adoption of the following policies that it believes the Commission should adhere to when reviewing ETC applications involving rural areas. 1) ETC designations in rural areas should be made at the study area level (an ILEC's entire service territory within one state). 2) The Commission should ensure that competitive ETCs will be capable of providing high-quality service to all customers in the service area should the rural ILEC find it necessary to relinquish its own ETC designation. 3) Any service quality standards, reporting requirements, and customer billing requirements established by the Commission should apply equally to all ETCs in the state. 4) The Commission should retain the authority to decertify any ETC that is not meeting any of the Commission's qualifications and requirements.

In short, MECA does not believe that granting ALLTEL's application would be in the public interest. MECA also supports deferring the decision on ALLTEL's application until the Federal-State Joint Board clarifies the process for designating ETCs.

Staff

The Staff's testimony references background material that it believes will assist the Commission in determining whether granting ALLTEL's application would be in the public

interest. In so doing, the Staff directs attention to portions of the MTA and the federal Act that support the development and the use of competition to make available quality telecommunications services at prices that are just, reasonable, and affordable even in rural, high-cost areas. The Staff also presents a number of questions for the Commission's reflection. The Staff would like more guidance as to the definition of "public interest." The Staff suggests that healthy competition is the most significant factor in a public interest analysis, followed closely by choice and reasonable rates. In the end, the Staff sees no reason to further delay or deny ALLTEL's ETC designation.

III.

DISCUSSION

ETC Designation

Pursuant to 47 USC 214(e)(2), the Commission may designate more than one carrier in a rural area as an ETC if the Commission finds doing so consistent with the public interest, convenience, and necessity. The parties to this proceeding opposing ALLTEL's application argue that granting ALLTEL's application is not in the public interest. The Commission disagrees. On numerous occasions, the Commission has found that competition can be advantageous to the citizens of this state. In this case, designating ALLTEL as an ETC is in the public interest because it is likely to promote competition and provide benefits to customers in rural and high-cost areas by increasing customer choice, while promoting innovative services and new technologies, and encouraging affordable telecommunications services. Further, ALLTEL provides service where there are few, if any, competitive local exchange carriers.

The Commission disagrees with the significance of the numerous arguments advanced by the opposing parties. To the extent that the opposing parties claim that wireless service is inferior to landline service, the Commission responds that customers should not be denied an opportunity to

determine which of these services best meets their needs. In response to the argument that wireless service providers are not subject to the same regulations designed to protect customers, the Commission finds sufficient protection for customers in their right to choose not to use wireless service and to choose from whom to take service. To the extent that the opposing parties are concerned about the effects on themselves of competition from wireless carriers, the Commission does not agree that the public interest requires that they be protected from competition. Moreover, concerns over the effects of competition on the universal service mechanism are better addressed by the FCC, which is responsible for disbursing the federal universal service funds.

There is ample precedent in support of a wireless carrier's designation of ETC status. On at least three prior occasions, this Commission has granted ETC status to wireless carriers.⁵ In addition, numerous ETC proceedings involving competitive carriers, including wireless carriers, have taken place at the FCC and before other state commissions with the competitive carrier ultimately being granted ETC status.⁶ The Commission provided parties an opportunity to voice their concern about the granting of ETC status to a wireless carrier by conducting an evidentiary hearing. Virtually every argument raised by the parties in opposition to ALLTEL's application, however, has been addressed previously. No new information was brought to the Commission's

⁵ See, the August 26, 2003 order in Case No. U-13714, the November 20, 2001 order in Case No. U-13145, and the December 6, 2002 order in Case No. U-13618.

⁶ See, e.g., *RCC Minnesota, Inc. et al. Request for Designation as Eligible Telecommunications Carrier*, Order, Maine Public Utilities Commission Docket No. 2002-344 (May 13, 2003), *In the Matter of Federal State Joint Board on Universal Service Cellular South License Inc. Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Service Area in the State of Alabama*, Memorandum Opinion and Order, CC Docket No. 96-45, DA 02-3317 (rel. Dec. 4, 2002), *In the Matter of Federal State Joint Board on Universal Service RCC Holdings, Inc. Petition for Designation as an Eligible Telecommunication Carrier Throughout its Licensed Service Area in the State of Alabama*, Memorandum Opinion and Order, CC Docket No. 96-45, DA 02-3181 (rel. Nov. 2, 2002).

attention that would persuade the Commission that designating a competitive carrier as an ETC in an area served by a rural ILEC would be contrary to the public interest

Furthermore, the Legislature has decided that the Commission should not regulate wireless service. For that reason, the Commission must also decline to adopt the conditions proposed, such as requiring ALLTEL to assume carrier of last resort responsibilities, which would require that the Commission regulate wireless service. Consistent with prior designations, however, the Commission reserves the right to conduct audits as needed to determine that the funds are used for permitted purposes.

The Commission declines CenturyTel's and MECA's recommendation to defer its determination on ALLTEL's application until after the Federal-State Joint Board provides further clarity on ETC designations. At this point, there is no time frame in which the Joint Board will act. The Commission, however, has been urged by the FCC to act upon ETC applications within 180 days and the end of that period with respect to this application is fast approaching. The Commission believes the better course of action is to act upon ALLTEL's application within the desired timeframe and take recommendations of the Federal-State Joint Board into account when deciding future cases.

Service Area

ALLTEL also requests that the Commission establish a "service area" for purposes of determining universal service support. The federal Act defines the term "service area" to be a "geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms." 47 USC 214(e)(5). As stated above, ALLTEL requests that its licensed service area be the designated service area for universal service support.

Additionally, ALLTEL requests that the Commission redefine the service areas of rural ILECs where it cannot provide service to the entire service area of these companies

CenturyTel, Hiawatha, and MECA oppose ALLTEL's service area proposal. They argue that ALLTEL must serve the same service area as the rural ILEC. CenturyTel contends that redefining a rural carrier's service area acts as a disincentive for an additional ETC to serve the most rural parts of a relevant study area. CenturyTel contends that the goal of universal service would be better served by requiring "ETCs to expand their horizons." CenturyTel Brief, p. 17. CenturyTel is also concerned that if additional ETCs are not required to serve a rural ILEC's entire study area, then there is a greater risk of "cream-skimming," where the additional ETC can choose to provide service to lower cost customers without being subject to providing service to attendant higher cost customers while receiving the same level of universal service support as the rural ILEC. MECA also raises concerns about what it described as significant administrative burdens for an ILEC as a result of study area changes. MECA describes how an ILEC's accounting and auditing procedures are built around their existing study areas.

The Commission appreciates the concerns raised by CenturyTel, Hiawatha, and MECA, but declines to accept the proposal that the wireless carrier's service area should encompass the ILEC's entire study area. In granting ETC status to RFB Cellular, Thumb Cellular, and NPI-Omnipoint Wireless, LLC, the Commission did not require the wireless carrier to provide service to the entire study area of the rural ILEC.

The Commission, however, also has concerns with ALLTEL's proposal to redefine the service areas of certain ILECs. The study areas of rural ILECs have existed for many years and many accounting and other administrative tasks are based upon those study areas.

The Commission is also sensitive to the “cream-skimming” issues that could exist if every FCC applicant is able to carefully craft its own desired service area. Consequently, the Commission has decided to delineate service areas for purposes of universal service support by exchanges. In so doing, the Commission finds that the “cream-skimming” concerns are alleviated because ALLTEL has not specifically picked the areas in which it will serve, but instead the areas were defined in the FCC’s wireless licensing process. Additionally, exchanges tend to encompass many types of customers, including rural and high-cost customers. The Commission is persuaded that ALLTEL is not targeting any specific area or that serving any of the partial study areas would result in a windfall due to service to a highly-populated area. Much of the area covered by ALLTEL’s wireless carrier license is in very rural parts of Michigan. The Commission is also convinced that designating service areas utilizing entire exchanges will minimize the administrative burden on rural telephone companies to calculate costs at something other than a study area level. This approach will require affected ILECs to disaggregate into service areas that are coterminous with existing telecommunications boundaries for which costs are already calculated.

The Commission FINDS that

- a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 et seq., 1969 PA 306, as amended, MCL 24.201 et seq., and the Commission’s Rules of Practice and Procedure, as amended, 1999 AC R 460.17101 et seq.
- b. ALLTEL should be designated as an LTC for the purpose of receiving federal universal service funds.
- c. ALLTEL’s designation as an LTC is in the public interest.

d ALLTEL's service area for purposes of determining universal service obligations and support mechanisms should be coterminous with established exchanges

e ALL TEL should be directed to file in this docket (and serve upon the other parties) a listing of the exchanges where it currently provides service or intends to provide service under its license and for which it wishes to receive universal service support and is able to meet universal service obligations

f The granting of ALLTEL's ETC status should be conditioned upon the Commission's reservation of its right to audit all expenditures of these universal service funds.

g ALLTEL's ETC designation should be subject to the annual Commission re-certification process. ALLTEL should be directed to contact the Staff regarding the 2004 re-certification process prior to September 17, 2003

h ALLTEL's August 25, 2003 motion to strike should be denied

WHEREFORE, IT IS ORDERED that

A ALLTEL Communications, Inc., is designated an eligible telecommunications carrier for the purpose of receiving federal universal service funds

B ALL TEL Communications, Inc.'s, service area for purposes of determining universal service obligations and support mechanisms is to be coterminous with established exchanges.

C ALLTEL Communications, Inc., is directed to file in this docket (and serve upon the other parties) a listing of the exchanges where it currently provides service or intends to provide service under its license and for which it wishes to receive universal service support and is able to meet universal service obligations

D ALLTEL Communications, Inc.'s, eligible telecommunications carrier designation is conditioned upon the Commission's reservation of its right to audit all expenditures of these universal service funds

F ALLTEL Communications, Inc.'s eligible telecommunications carrier designation is subject to the annual Commission re-certification process ALLTEL is directed to contact the Commission Staff regarding the 2004 re-certification process prior to September 17, 2003

F ALLTEL Communications, Inc.'s August 25, 2003 motion to strike is denied

The Commission reserves jurisdiction and may issue further orders as necessary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of September 11, 2003

/s/ Robert W. Kehres

Its Acting Executive Secretary

D ALLTEL Communications, Inc.'s, eligible telecommunications carrier designation is conditioned upon the Commission's reservation of its right to audit all expenditures of these universal service funds

F ALLTEL Communications, Inc.'s eligible telecommunications carrier designation is subject to the annual Commission re-certification process. ALLTEL is directed to contact the Commission Staff regarding the 2004 re-certification process prior to September 17, 2003

F ALLTEL Communications, Inc.'s August 25, 2003 motion to strike is denied

The Commission reserves jurisdiction and may issue further orders as necessary

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Chair _____

Commissioner _____

Commissioner _____

By its action of September 11, 2003

Its Acting Executive Secretary

In the matter of the application of)
ALL TEL COMMUNICATIONS, INC.,)
for designation as an eligible telecommunications)
carrier pursuant to Section 214(c)(2) of the)
Communications Act of 1934)
_____)

Case No U-13765

Suggested Minute

“Adopt and issue order dated September 11, 2003 approving the application of ALLTEL Communications, Inc , for designation as an eligible telecommunications carrier for purposes of receiving universal service support, as set forth in the order ”